

STATEMENT OF JOHN N. HUPALO
concerning
FRAUD: TARGETING AMERICA'S SENIORS
before
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE
August 4, 1999

Mr. Chairman and Members of the Committee:

I am John N. Hupalo, a resident of Alameda, California. I own a small family business in San Leandro, California which manufactures organ pipes. I sincerely appreciate this opportunity today to share with the committee what I have witnessed.

My mother, Meredith Topliff Hupalo, is 83 years of age and has led a long and productive life. As her son, I love her for the wonderful person she is and what she stands for. She has instilled in me values and respect for goodness.

Now to the issue at hand. I have personally witnessed a sad development in recent years. These sweepstake contests were run by the following companies in order of importance to my mother:

United States Purchasing Exchange
Readers Digest
Time-Life, Inc.
Michigan Bulb Co.
Seta Corp.
National Veterans Service Fund
National Missing Children
Children with Cancer
Arthritis Trust Fund of America

This is a fraction of the number of the sweepstakes soliciting her at this time. Everyday, all year round, her mail box is full. This past week, she received 18 separate pieces of mail in one day, advising her she was a winner!

It began thirteen years ago with the United States Purchasing Exchange, buying mostly overpriced clothing and other items. She lived in rural Florida and the shopping was a long drive. Then the letters with the deceptive and alluring promises of winnings started arriving. The cars, the trips, the appliances. Checks waiting to be sent with her name on them. Letters from the President of the company saying she's won! She would ask her accountants advice on paying her taxes on these winnings. She would call and ask us what color car we wanted.

We (my family) knew she was involved with sweepstakes for a number of years. We knew the magazine subscriptions we received were an outcome of this involvement, but she felt good about giving her children these gifts. Therefore, not much was said. However, it became evident during our visits that the amount of videos, magazines, cassette tapes and books was growing. Boxes containing all the trinkets she called bonuses for being a good customer of United States Purchasing were arriving at our homes more frequently.

Two and one half years ago, when her living companion died and her health was declining, it was necessary to move my mother into a retirement community. At first it was difficult, but like always she has made many friends and kept up her painting. But that looming cloud of the sweepstakes was still there.

After a visit 2 years ago, my brother informed me of the alarming clutter in her apartment and how much energy she was devoting to the sweepstakes. Processing these entries is a very time consuming job and she has dozens of entries. This has kept her from her grandchildren, her painting and other life experiences. She could not visit because she would be away when the letter would come and she might miss the deadline for returning.

We asked that she stop sending us these gifts and pleaded with her to throw out the letters and stop buying things she didn't need. We continuously explained that everyone received these letters. There were computers that made these letters look real. If she really won, they would not notify her by bulk mail. Legitimate charities do not run sweepstakes. And we constantly begged her to never give anyone any of her bank account numbers. Her answer was and is it's my money. With that answer we just did our best to monitor the situation.

It wasn't until about a year ago, we discovered how much money she was spending on her sweepstakes. After the sale of her house she was able to put approximately \$64,000 in her savings account. With social scrutiny, pension and dividends from investments, we felt she was in a very comfortable position. However, this was not the case. Upon investigation with the bank, we discovered she was in there quite often to withdraw from her savings to cover the checks she was writing. Her savings had dwindled to a little over \$30,000 in the past 2 years. We had thought she was spending \$500-\$1000 a year.

The shock of the amount of money she was spending to improve her chances of winning prompted me to make sure she was paying her bills and that her bookkeeping was current. The amount of mail she receives is astounding. Bills were getting lost and not paid. It was difficult to determine bills, checks and sweepstakes. In one delivery she received 18 sweepstakes entries.

I was concerned about one particular bill from Readers Digest. Mother said it was about \$800.00. She would buy books from them, sometimes two and three copies of the same book. I called the CEO of Readers Digest, to determine exactly what my mother owed and to have her account closed down. I was transferred to someone authorized to handle these situations. I told them I had her power of attorney, that she was 83, and ill (she was diagnosed with liver cancer 18 months ago) and I felt Readers Digest was taking advantage of her. This representative assured me that my mother would be taken off their mailing list but it would take up to two

months. I accepted that and demanded she not be contacted directly for any reason and they were to contact me instead. I was surprised when they told me she would not have to pay the outstanding bill. Reader Digest would accept the loss. I was given the option of trying to return some of the books or not. Regardless, her account balance would be waived and closed.

At the time, I was satisfied with the way Readers Digest handled the situation and thought the issue was behind us. A couple months went by. Then a phone call from my mother, saying I got a letter from Reader's Digest today saying your son said that you were incompetent. That my remaining balance was \$200. She immediately paid it. I called Readers Digest again. I really vented and threatened to contact the media this time. My mother recently received her \$200 back.

Like others of her generation, she is a woman who is very trusting and finds it unimaginable that a company, especially one as highly regarded as Readers Digest, would deceive her.

My mother has a gift from God that takes its form in her talent as a fine artist. Her name as appeared in Who's Who in American Woman. Family, friends and appreciative public have enjoyed her art works for years. My mother, who I have loved and respected all my life, has steadily lost her passion for painting. Sweepstakes has taken over her life. First drifting, and then falling into an abyss of obsessive and compulsive behavior she was involved with direct mail sweepstakes.

Members of the Committee, it is beyond my personal power to do something about this issue. For my family, events related to the sweepstakes are closed to history. My mother has only a short time to live, due to her cancer. However, there are numerous other mothers and family members facing a similar crisis in this country. Therefore, I believe as a citizen it is important and it is within my power to tell this story to this Congressional Committee. In the end, Congress does have the power to establish laws drawing the line to uphold truth, reason, and fairness for the benefit of all.